

EXHIBIT "M"

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

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MAFCOTE, INCORPORATED, :
Plaintiff :
VS : C-01-02-411
CONTINENTAL CASUALTY INSURANCE :
COMPANY, :
Defendant :
----- -X

Deposition of STEVEN A. SCHULMAN taken at the
offices of Mafcote, Incorporated, 108 Main
Street, Norwalk, Connecticut, before
Audra Gulliksen, RPR, Licensed Shorthand
Reporter #106, and Notary Public, in and for
the State of Connecticut on February 27,
2003, at 10:15 a.m.

COPY

DEL VECCHIO REPORTING SERVICES, LLC
PROFESSIONAL SHORTHAND REPORTERS
117 RANDI DRIVE 100 PEARL ST., 14th FL.
MADISON, CT 06443 HARTFORD, CT 06103-4506
203 245-9583 800 839-6867

1 because your down time created a rolling backlog. Is
2 that fair to say?

3 A Yes, that is.

4 Q Did the down time start on July 16th when
5 there was first discovered a problem with the steam
6 foil?

7 A The backlog would have started on July 16th.

8 Q So from July 16th until August 16th when the
9 rental boiler was up and operational, is it accurate
10 that the steam foil was not working at all during that
11 period?

12 A Correct.

13 Q And is the backlog you described a function
14 of the inability to use the steam foil during that
15 number of days which is probably about 28 or so or
16 whatever number it is between July 16th and
17 August 16th?

18 A No.

19 Q Why not?

20 A Because the amount of product that we bought
21 on the outside was equal to three days production with
22 regard to number seven coater. And so, if we had those
23 three days available to us, we would have been able to
24 make the production requirement for Royal Consumer, but
25 we didn't. We were down for the three days, and we

1 placed those 170,000, something like 170,000 pounds of
2 orders which I think the total is with third parties.
3 Instead of that, for those three days we made
4 170,000 pounds worth of paper for somebody else, and we
5 continued to make other paper which required the steam
6 foil for other people with the production that we would
7 have had for those three days placed with third
8 parties.

9 Q So the fact that you were down 20 some odd
10 days had nothing to do with it. It was all the fact
11 that you were down for three days that made the
12 difference?

13 A Well, what I'm saying is this, our production
14 per day is 70,000 pounds or 60,000 pounds, some number
15 which we've stated in our answers here. But perhaps we
16 can even take a low number like 60,000 pounds or
17 55,000 pounds, multiply it by three days, comes out to
18 be 155; 160,000 pounds. The amount of orders that were
19 cancelled and replaced with third parties I believe is
20 160,000 pounds. Those are the mathematics of it.

21 Q Let's go back to Exhibit 11, the Exhibit B
22 document of cancelled orders. Do you have that?

23 A Yes, I have it.

24 Q The second page of that exhibit is a
25 facsimile transmittal sheet from Royal, is it not?